

AMENDED IN SENATE MAY 27, 2010

AMENDED IN ASSEMBLY JANUARY 25, 2010

AMENDED IN ASSEMBLY JANUARY 7, 2010

AMENDED IN ASSEMBLY JANUARY 4, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 41

Introduced by Assembly Member Solorio

(Coauthors: Assembly Members Coto, Jones, Salas, and Saldana)

December 1, 2008

An act to amend Section 926.2 of, and to add Section 926.3 to, the Insurance Code, relating to insurer investments.

LEGISLATIVE COUNSEL'S DIGEST

AB 41, as amended, Solorio. Insurance: community development investments.

Existing law requires each admitted insurer to provide information biennially to the Insurance Commissioner on all of its community development investments and community development infrastructure investments, as defined, in California. The commissioner and the Department of Insurance are required to provide certain information on these investments to the public, as specified. These provisions are to remain in effect only until January 1, 2011, and are repealed as of that date.

This bill would instead require each admitted insurer to provide information, by January 1, 2014, to the commissioner on all of its community development investments and community development infrastructure investments. The bill would also require that the

information the commissioner and the department are required to provide to the public on these investments ~~be done~~ *provided* by May 31, 2014.

This bill would extend the date for repealing those provisions to January 1, 2015, and would state that certain insurers could meet the filing requirements relating to community development investments through a specified filing.

This bill would also require certain insurers to develop and file with the commissioner, no later than July 1, 2011, ~~and every 2 years thereafter~~, a community development investment policy statement that expresses the insurer's goals for community development investments during the ~~following 2-year period~~ *current and following calendar year*. *Thereafter, each insurer would be required to biennially review its policy statement, and if the insurer revises or changes its policy statement, submit the new policy statement to the commissioner no later than July 1 of each odd-numbered year.* The bill would require the commissioner to establish a link on ~~its~~ *the department's* Internet Web site providing public access to each insurer's community development investment information, as specified.

This bill would delete obsolete provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) In 1996, California policymakers and insurance companies
- 4 instituted efforts to encourage investments by insurance companies
- 5 in urban and economically disadvantaged areas through the
- 6 establishment of the California Organized Investment Network
- 7 (COIN).
- 8 (b) COIN is the first-in-the-nation collaborative effort among
- 9 insurance companies, the California Department of Insurance, and
- 10 other stakeholders involved with community development
- 11 investments in traditionally underserved communities. The mission
- 12 of COIN is to provide leadership in increasing the level of
- 13 insurance industry capital in safe and sound investments providing
- 14 fair returns to investors and social benefits to underserved
- 15 communities.

1 (c) In 2006, the Legislature and the Governor approved
2 Assembly Bill 925 (Ridley-Thomas) which requires insurers to
3 biennially report their California community development
4 investments to the Department of Insurance (DOI). That legislation
5 also requires COIN to provide insurers with information on why
6 any investments were found not to be qualified by the Insurance
7 Commissioner (commissioner).

8 (d) The commissioner is required to biennially provide
9 information on the DOI's Internet Web site on the aggregate
10 community development investments made by insurers. The
11 commissioner is required to identify the insurers that make
12 investments that are innovative, responsive to community needs,
13 not routinely provided by insurers, or have a high degree of positive
14 impact on the economic welfare of low- or moderate-income
15 individuals, families, or communities in urban or rural California.

16 (e) California admitted insurers invest an estimated three trillion
17 dollars in various investments. Of this sum, an estimated eight
18 billion dollars have been invested in community development
19 efforts during the period 1997 to 2004, inclusive.

20 (f) In the business sector, as in government, the adoption of a
21 policy by the governing board generates momentum in the
22 organization to strive to achieve the policy. This is especially true
23 when the policy is combined with a goal and identifies the persons
24 responsible for achieving the goal.

25 (g) A 2007 survey by the DOI found that 54 of 485 responding
26 insurers have adopted a policy regarding community development
27 investments. Of these insurers, three reported that they have
28 adopted comprehensive community development investment
29 policies and eight insurers have set specific goals for community
30 development investments. These insurers have significantly
31 increased their community development investments.

32 (h) In light of the minor progress made to date without the
33 adoption of a company policy, and in recognition that insurers that
34 adopted a policy have made significant progress in increasing the
35 amount of community development investments, it is the purpose
36 of this act to encourage insurers to significantly increase the
37 number and amount of their community development investments
38 by requiring the adoption of a company policy.

39 SEC. 2. Section 926.2 of the Insurance Code is amended to
40 read:

1 926.2. (a) (1) Each insurer admitted in California shall provide
2 information, by January 1, 2014, to the commissioner on all of its
3 ~~Community Development Investments and Community~~
4 ~~Development Infrastructure Investments~~ *community development*
5 *investments and community development infrastructure investments*
6 in California. This information shall be provided as part of the
7 required filing pursuant to Section 900 or Section 11131, or through
8 a data call, or by other means as determined by the commissioner.
9 COIN shall provide insurers with information on why investments,
10 if any, were found not to be qualified by the commissioner.

11 (2) Nothing in this subdivision shall preclude an insurer that is
12 a member of an insurance holding company system as defined in
13 Article 4.7 (commencing with Section 1215) of Chapter 2, from
14 complying with paragraph (1) through a single filing on behalf of
15 the entire group of affiliated companies, provided that the data so
16 filed accurately reflects the investments made by each of the
17 affiliates, and accurately attributes, by National Association of
18 Insurance Commissioners (NAIC) number or other identifier
19 required by the commissioner, which of the investments were made
20 by each affiliated company.

21 (3) Nothing in this subdivision shall preclude an insurer from
22 satisfying the requirements of paragraph (1) through a filing made
23 by a ~~Community Development Financial Institution~~ *community*
24 *development financial institution*, provided all of the following
25 conditions are met:

26 (A) The insurer has no less than a 10 percent ownership interest
27 in a COIN-certified ~~Community Development Financial Institution~~
28 *community development financial institution*.

29 (B) The insurer makes ~~Community Development Investments~~
30 *community development investments* in and through the ~~Community~~
31 ~~Development Financial Institution~~ *community development*
32 *financial institution*.

33 (C) The ~~Community Development Financial Institution~~
34 *community development financial institution* accurately files the
35 information required by paragraph (1) with the commissioner on
36 behalf of the insurer and accurately attributes, by NAIC number
37 or other identifier required by the commissioner, which
38 investments, including the dollar amounts of the investments, were
39 made by each insurer on whose behalf the ~~Community~~

1 ~~Development—Financial—Institution~~ *community development*
2 *financial institution* is reporting.

3 (b) The commissioner shall, by May 31, 2014, provide
4 information on the department's Internet Web site on the aggregate
5 insurer ~~Community Development Investments and Community~~
6 ~~Development Infrastructure Investments~~ *community development*
7 *investments and community development infrastructure*
8 *investments*. Insurers that make investments that are innovative,
9 responsive to community needs, not routinely provided by insurers,
10 or have a high degree of positive impact on the economic welfare
11 of low- or moderate-income individuals, families, or communities
12 in urban or rural California shall be identified.

13 (c) The department shall also, by May 31, 2014, provide
14 information on the department's Internet Web site regarding the
15 aggregate amount of California public debt (including all debt
16 issued by the State of California or a California state or local
17 government agency) purchased by insurers as reported to the
18 department in their NAIC annual statement filing pursuant to
19 Section 900 or Section 11131.

20 (d) The department shall also, by May 31, 2014, provide on its
21 Internet Web site the aggregate amount of identified California
22 investments, as reported to the NAIC in the annual statement filed
23 pursuant to Section 900 or Section 11131.

24 (e) This article shall remain in effect only until January 1, 2015,
25 and as of that date is repealed, unless a later enacted statute, that
26 is enacted before January 1, 2015, deletes or extends that date.

27 SEC. 3. Section 926.3 is added to the Insurance Code, to read:

28 926.3. (a) It is the policy of the State of California that (1)
29 insurers should, where practicable, be supportive of ~~Community~~
30 ~~Development Investments~~ *community development investments*,
31 and insurers should be encouraged to invest in prudent ~~Community~~
32 ~~Development Investments~~ *community development investments*
33 that benefit California and California's low- and moderate-income
34 communities; (2) every admitted insurer that writes a substantial
35 amount of insurance in the state should consider ~~Community~~
36 ~~Development Investments~~ *community development investments*;
37 and (3) the California Organized Investment Network is a part of
38 the department, and has the responsibility to pursue active measures
39 to encourage community development investing by admitted
40 insurers.

~~(b) Each insurer admitted in California that writes premiums in California equal to or in excess of one hundred million dollars (\$100,000,000) annually shall develop, and file with the commissioner no later than July 1, 2011, and every two years thereafter, a “Community Development Investment” policy statement that expresses the insurer’s goals for Community Development Investments during the current and following calendar year. These filings shall be public information. However, the initial policy statement filed with the commissioner will satisfy the requirement of this subdivision if the insurer’s policy statement has not changed and the insurer informs the commissioner of that fact at least once every two years. For purposes of this subdivision,~~

(b) Each insurer admitted in California that writes premium in California equal to or in excess of one hundred million dollars (\$100,000,000) annually shall develop, and file with the commissioner no later than July 1, 2011, a policy statement on community development investments that expresses the insurer’s goals for community development investments during the current and following calendar year. Thereafter, each insurer subject to this subdivision shall biennially review its policy statement on community development investments and, if the insurer revises or changes its policy statement, submit the new policy statement to the commissioner no later than July 1 of each odd-numbered year. The initial policy statement filed with the commissioner shall satisfy the requirement of this subdivision if the insurer’s policy statement has not changed. These filings shall be public information. For purposes of this subdivision, “policy statement” means a statement of principle intended to influence a decision or action. The policy statement may include general goals or specific investment goals, but is not required to contain specific investment goals or thresholds.

~~(c) The commissioner shall establish a link on its the department’s Internet Web site that provides access to the public of to the public access to the contents of each insurer policy statement and the data on Community Development Investments made community development investments provided by each insurer pursuant to subdivision (b).~~

SEC. 4. Nothing in Article 10.1 (commencing with Section 926.1) of Chapter 1 of Part 2 of Division 1 of the Insurance Code shall limit the authority of the Insurance Commissioner to ask for

- 1 data concerning ~~Community Development Investments~~ *community*
- 2 *development investments* on a voluntary basis on or after January
- 3 1, 2015, if that article is not extended beyond that date.

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